

AR03

ALGONQUIN



BUILDING CREDITS LIMITED

76 ST. CLAIR AVENUE WEST
TORONTO 195 • 920-3223

August 14th, 1970

To the Shareholders:

The six-month period ended June 30th, 1970 resulted in a net unaudited profit of \$6,822.

The reduction in semi-annual profit was occasioned by:

- (1) Higher cost of borrowed money.
- (2) A reduction in collection of accounts previously considered uncollectable, although again a gratifying reduction was made in reserve for doubtful accounts.
- (3) The continuation of low interest charge on the Hardee loan until June 30, 1970. At July 1, 1970 the rate applicable to the Hardee loan was increased to 8.6% or an annual increase of \$64,000. on the \$2,208,623. note outstanding.

On March 15th, 1970 the second annual instalment of \$333,600. of the non-interest bearing debentures was paid by way of cash payment of \$133,440. and remaining \$200,160. by the issue of 40,032 class A preference shares.

The current financial situation has caused a reduction in the number of premature mortgage payouts. The drop in housing starts has reduced the net sales of the Duo-Matic group but selective selling practices have improved the per dollar profit in the Duo Group and a reasonably good full year is still anticipated.


C. H. Franklin,
President

a finance company.

C. H. Franklin

from 5.7%

James International Ltd of Toronto



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ALGONQUIN BUILDING CREDITS LIMITED
and its wholly-owned subsidiary

920-3223

ALGONQUIN CAPITAL CORPORATION LIMITED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE SIX MONTHS ENDED JUNE 30, 1970

[The charges from last yr's half-yr were
on instruction of Out. Inst. of C.A.S.] 1970 1969

Revenue

Earned service charges and other income	\$ 51,026.	\$ 92,359.
Interest on investment in Hardee Farms International Limited	62,868.	30,000.
	<u>113,894.</u>	<u>122,359.</u>

Expenses

General and administrative expenses	65,331.	86,543.
Costs of borrowing money	54,103.	49,078.
Provision for doubtful accounts	(13,054.)	(57,196.)
Depreciation	<u>692.</u>	<u>678.</u>

Total expenses

<u>107,072.</u>	<u>79,103.</u>
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Profit before income taxes and extraordinary item

6,822.	43,256.
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Income taxes

<u>3,643.</u>	<u>23,098.</u>
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Profit before extraordinary item

<u>3,179.</u>	<u>20,158.</u>
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Extraordinary item

(leave off #)
Reduction of income taxes on application of loss
carry forward

<u>3,643.</u>	<u>23,098.</u>
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Net profit for period

<u>6,822.</u>	<u>43,256.</u>
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Earnings per share:

Profit before extraordinary item

(omit)

.6 ¢

5.5 ¢

Net profit for period

1.3 ¢

11.7 ¢

Statements are subject to notes attached.

Institute of Chartered Accountants

tax item entered & taken on

I talked to the treasurer, W.R. Abbott, &
he okayed write-up. (4)

ALGONQUIN BUILDING CREDITS LIMITED
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ALGONQUIN CAPITAL CORPORATION LIMITED

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

FOR THE SIX MONTHS ENDED JUNE 30, 1970

	<u>1970</u>	<u>1969</u>
Funds were provided from:		
Payment received on mortgages receivable	\$ 119,264.	\$ 413,758.
Payment received on instalment notes receivable	87,639.	207,624.
Sale of common shares		1,150,530.
Bank loans (net of repayment)	<u>(100,000.)</u>	<u>1,400,000.</u>
	<u>106,903.</u>	<u>3,171,912.</u>
Funds were applied to:		
Net profit for period	6,822.	43,256.
Less: adjustment for items not resulting in the receipt of funds (net)	<u>25,815.</u>	<u>79,546.</u>
Funds applied to operations	18,993.	36,290.
Repayment of collateral trust notes		700,000.
Payment of debenture instalment	133,440.	133,440.
Reorganization costs		62,235.
Investments:		
Hardee Farms International Limited		2,104,311.
Duo-Heet Distributors Limited	4,787.	
Land (net of mortgage)	42,225.	260,509.
Purchase of office furniture	<u>1,014.</u>	<u>(150.)</u>
	<u>200,459.</u>	<u>3,296,635.</u>
Decrease in funds	<u>93,556.</u>	<u>124,723.</u>
Represented by net change in		
Cash	81,411.	136,151.
Sundry receivables	10,056.	8,459.
Accounts payable and accrued liabilities	<u>2,089.</u>	<u>(19,887.)</u>
Decrease in funds as above	<u>93,556.</u>	<u>124,723.</u>

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NOTES TO CONSOLIDATED INTERIM STATEMENTS AS AT JUNE 30, 1970

Note 1.

Results of the subsidiary Duo-Heet Distributors Limited were not consolidated as the operations of a manufacturing company and a finance company are not comparable. Duo-Heet incurred a loss of \$39,544. for the six months ended May 31, 1970. Owing to seasonal factors sales and profits are normally higher in the second half of the year and, therefore, figures for the first six months are not usually indicative of the results for the full year.

Duo-Heet operations in the six month period ended May 31, 1969, produced a loss of \$37,000. while operations for the full year ended November 30, 1969 produced a pre-tax profit of \$35,000.

Note 2.

Earnings per share

The earnings per share figures are calculated using the weighted daily average of both classes of shares outstanding during the period.

Fully diluted earnings per share have been calculated on the assumption that all of the non-interest bearing debentures had matured at the beginning of the period and the related Class A preference shares had been issued.

	<u>1970</u>	<u>1969</u>
Fully-Diluted Earnings per share		
Profit before extraordinary item	.5	3.7
Net profit for period	1.0	7.9

Note 3.

Figures are unaudited and include estimates subject to adjustment when results for the full year are determined and audited.

